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SUBJECT: PARLIAMENTARY INVESTIGATION OF KBR CONTRACT FINDS
FAULT WITH ENERGY MINISTER

REF: KUWAIT 1253

1. July 21 newspapers reported that the parliamentary committee investigating suspected irregularities in humanitarian fuel sales to the U.S. Army in Iraq in 2003 (reftel) has recommended that Energy Minister Shaykh Ahmad Al-Fahed Al-Ahmad Al-Sabah and other top oil executives "be held responsible for legal, financial, and administrative violations," and any other damages resulting from the sales. MP Ali Al-Rashed, head of the probe committee, has asked that the case be referred to the public prosecutor.

2. In a strong rebuttal of the charges, Shaykh Ahmad told reporters that it was KBR, not the Kuwait Petroleum Corporation (KPC) or the Energy Ministry, that chose the private firm Altanmia for the contract, and that not only did Kuwait not lose any money on the deal but that on the contrary, KPC "made a profit of \$11 million." He added, "I take the responsibility for allowing this contract for the purpose of overthrowing Saddam and his regime and liberating the Iraqi people. This is a medal of honour for me."

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